

**Amendment No. 2 to SB0589**

**Tate  
Signature of Sponsor**

**AMEND Senate Bill No. 589\***

**House Bill No. 696**

by deleting all language after the enacting clause and substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 4, is amended by adding Sections 2 through 4 as a new chapter 39.

SECTION 2. A state governmental entity shall include in any major procurement contract with a vendor a provision that the vendor and the vendor's subcontractors, shall remit sales and use taxes on sales of goods or services made by the vendor or the vendor's subcontractor.

SECTION 3. If any portion of the cost of a vendor's major procurement contract with a state governmental entity is subcontracted, the vendor shall include in the contract with the subcontractor a provision that the subcontractor shall remit sales and use taxes on taxable sales of goods or services made by the subcontractor.

SECTION 4. As used in this chapter:

(1) "Major procurement contract" means any good or service costing in excess of seventy-five thousand dollars (\$75,000), including major advertising contracts, annuity contracts, consulting services, equipment, and other products and services unique to the functions performed by the state governmental entity, but not including materials, supplies, equipment, and services common to the operations of any ordinary business;

(2) "Retailer" means a person or entity that sells goods or services on behalf of a state governmental entity;

(3) "State governmental entity" means a state agency, department, board, or commission, or a public corporation or quasi-public instrumentality that performs essential public functions entrusted to it by the state; and

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(4) "Vendor" means a person or entity that provides or proposes to provide goods or services to the state governmental entity pursuant to a major procurement contract, but does not include an employee of the state governmental entity, retailer or a state governmental entity.

SECTION 5. This act shall take effect July 1, 2015, the public welfare requiring it, and shall apply to contracts entered into or renewed on or after such date.